

FISCAL NOTE

HB 2660 - SB 3655

February 28, 2006

SUMMARY OF BILL: Requires health insurance plans that provide prescription drug coverage to provide coverage for prescription infant formula for the treatment of severe food allergies for infants.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures – \$10,000 One-Time
\$20,400 Year One
\$61,200 Year Two and Subsequent Years**

Increase Local Govt. Expenditures – Exceeds \$20,000*

Potential Impact on Health Insurance Premiums (required by Tenn. Code Ann. § 3-2-111): Such legislation is estimated to increase premiums of health insurance plans that do not currently cover prescription infant formula. Such is estimated to exceed \$100,000.

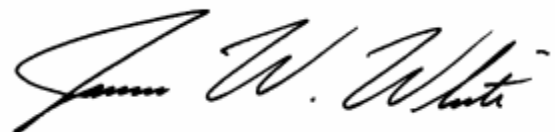
Assumptions:

- Starting January 1, 2007, the state and local govt. health plans would provide coverage for prescription infant formula. It is estimated that 20 infants per year will need four cases per month at a cost of \$85 per case resulting in an increase to state expenditures of \$20,400 in year one and \$61,200 in year two and subsequent years.
- Local govt. health plans that are not part of the state health plans and that do not provide coverage for prescription infant formula is estimated to increase expenditures in an amount that exceeds \$20,000.
- The Department of Commerce and Insurance would contract with an outside firm to complete a market study focusing on the cost attributed to standard over-the-counter infant formula by no later than October 1, 2006 resulting in a one-time expenditure of \$10,000.

*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director